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OMB-01 RP-10 AGR-01 SP-02 /688 R

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TO AMEMBASSY ISLAMABAD PRIORITY
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C O N F I D E N T I A L STATE 162465

E.O. 12065: RDS-1, 6/19/91 (PURCELL, J.) OR-M

TAGS: SREF, AF, EAID

SUBJECT: AFGHAN REFUGEE RELIEF: TRANSPORTATION
ASSISTANCE

REF: ISLAMABAD 7821

1. (E - ENTIRE TEXT.)

2. REFTEL APPEARS TO SUGGEST TWO ALTERNATIVES FOR USG TO
RESPOND TO GOP'S CLAIM FOR INLAND TRANSPORT ASSISTANCE.
ASSUMING B.G. AZHAR'S ANALYSIS OF CONTRACTOR VS.
GOP-OPERATED RETAIL TRANSPORT SYSTEM IS REASONABLY
CORRECT, WE COULD:

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A. CONTRIBUTE SOLELY CASH TO GOP, EARMARKED FOR INLAND

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TRANSPORT COSTS. WHILE POSSIBLY PRESSING THE JAPANESE TO CONTRIBUTE MORE ISUZU'S AS THEIR PART OF THE CONSORTIUM PLEDGE. THIS WOULD SIMPLIFY LOGISTICAL SUPPORT WHILE NAILING DOWN JAPAN'S AS-YET-VAGUE CONSORTIUM RESPONSE.

B. CONTRIBUTE U.S. TRUCKS OF KIND MOST SUPPORTABLE IN PAKISTAN, E.G., IH. AS NOTED REFTEL.

3. IN FIRING UP CHOICE AS BETWEEN THESE TWO OPTIONS, IT WOULD BE VERY HELPFUL TO HAVE MISSION'S INPUT ON THE FOLLOWING:

A. WHILE THE LITTLE WE KNOW NOW ABOUT RELATIVE TRANSPORT COSTS LEAD US TO BELIEVE COMMISSIONER AZHAR IS PROBABLY RIGHT, WE SHOULD HAVE AT LEAST A SUMMARY INDEPENDENT ANALYSIS OF HIS THESIS THAT HE (THROUGH NATIONAL LOGISTICS CELL SUPPORT OR THROUGH A MAINTENANCE/SUPPLY/MANAGEMENT ENTITY HE WOULD CREATE) CAN OPERATE A TRUCK FLEET ON A COST BASIS AT LEAST COMPETITIVE WITH CURRENT COMMERCIAL CONTRACTS FOR SIMILAR CAPACITY. REQUEST EMBASSY/AID DO THIS, OR ADVISE US SOONEST IF THIS IS NOT POSSIBLE SO WE CAN CONTRACT FOR A RAPID OUT-OF-TOWN ANALYSIS.

B. WE ALSO NEED YOUR ADVICE ON THE RISKS INVOLVED IN INTRODUCING U.S. TRUCKS TO THE RELIEF EFFORT. IN ADDITION TO DETERMINING ADEQUACY OF A SUPPORTING SUPPLY/MAINTENANCE/MANAGEMENT INFRASTRUCTURE SUCH AS IN OTHER AMERICAN FIRM MAY, OR MAY NOT HAVE, WE NEED A JUDGMENT IN THE CAPACITY OF AZHAR'S LOGISTICS MANAGEMENT ENTITY TO COPE WITH U.S.-MANUFACTURED EQUIPMENT, AS CONTRASTED TO BEDFORDS, OR JAPANESE EQUIPMENT. ABSENT REASSURANCE ON BOTH OF THE ABOVE POINTS, EXPERIENCE WOULD
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LEAD US TO EXPECT THAT A U.S.-DONATED TRUCK FLEET WOULD RAPIDLY DECLINE IN TERMS OF VEHICLE AVAILABILITY AND SYSTEM EFFECTIVENESS. WOULD, THEREFORE, APPRECIATE YOUR VIEWS ON AZHAR'S COMMENT PARA 4 REFTEL REGARDING EASE OF OPERATING/MAINTAINING U.S. TRUCKS IN PAKISTAN.

4. WE TAKE THE POINT IN REFTEL THAT SUCH A U.S. IN-KIND CONTRIBUTION CAN MINIMIZE DIVERSION PROBLEMS, AND POTENTIALLY STRENGTHEN THE POSITION OF U.S. VEHICLE MANUFACTURERS. WE THEREFORE WOULD HOPE THAT THE

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ADDITIONAL ANALYSIS REQUESTED HERE WILL REINFORCE THIS OPTION. BUT WE DO NEED TO LAY THIS RELATIVELY INEXPENSIVE GROUNDWORK BEFORE COMMITTING THE SUBSTANTIAL FUNDS (NOT TO MENTION U.S. PRODUCT PRESTIGE) WHICH THIS ALTERNATIVE WOULD ENTAIL. (ALSO RELEVANT TO THIS ANALYSIS WOULD BE A DESCRIPTIVE OF HOW B.G. AZHAR INTENDS TO MAINTAIN AND OPERATE THE 50 ISUZU'S NOW IN-BOUND. PLEASE INCLUDE THIS IN YOUR RESPONSE.

5. IF THIS REVIEW CONFIRMS SUITABILITY OF TRUCK CONTRIBUTION, HOW DO YOU ENVISION THAT WE SHOULD PROCEED TO WORK OUT ARRANGEMENT WITH GOP? STOESSEL

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